

**KWAZULU-NATAL  
PROVINCIAL TREASURY**

**2006 -09- 08**

**CORPORATE SERVICES  
P.O. BOX 3613  
PIETERMARITZBURG 3200**

# **UTRECHT MUNICIPALITY**

## **FINANCIAL STATEMENTS 2005/2006**

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## GENERAL INFORMATION

### MEMBERS OF THE TOWN COUNCIL :

Mayor

Cllr ME Khoza  
Cllr VS Ntshangase  
Cllr JC Msibi  
Cllr A Nene  
Cllr M Mabašo  
Cllr L J Vundla  
Cllr N P Stannard

### GRADING OF LOCAL AUTHORITY

Grade 2

### AUDITORS

Auditor-General : Kwazulu-Natal

### BANKERS

Standard Bank of South Africa Ltd

### REGISTERED OFFICE

Civic Buildings	PO Box 11	Telephone: (034) 331 3041
34 Voor Street	Utrecht	Fax : (034) 331 4312
Utrecht	2980	e-mail : <a href="mailto:utrechtmun@telkomsa.net">utrechtmun@telkomsa.net</a>

### MUNICIPAL MANAGER

Mr V M Kubeka : Matric and under graduate B.A [unisa]

### CHIEF FINANCIAL OFFICER

Mrs PHZ Kubheka : BTech Degree (Taxation)[Natal Technikon]

### APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 5 to 27 were approved by the Municipal Manager on the 29 August 2006 and presented to and approved by Council on 31 August 2006

  
Mr V M Kubeka  
Municipal Manager

  
Mrs P H Z Kubheka  
Chief Financial Officer

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## FOREWORD

For the 2006/2007 financial year though having been deprived of services that generated some funds to our Council, we foresee success as like the previous year.

Quality of service delivery at affordable tariffs is once again of prime importance to Council, though tariffs may have been raised, but not to the point that our customers will suffer.

I would like to express my appreciation to the Councillors, Head of Departments, Officials and all employees of Council for the support, co-operation and dedication for the hard work done in the 2005/2006 financial year.



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COUNCILLOR M E KHOZA

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## AUDITOR'S REPORT

## CHIEF FINANCIAL OFFICER'S REPORT

### GENERAL REVIEW

For the period under review, the Council budgeted for a deficit of R 800 000 which would be financed from the Accumulated Surplus. Actual transactions on operating account resulted in an operating deficit of R 223 694 which was made good from the Accumulated Surplus.

### 1. OPERATING RESULTS

The detail of the operating results can be found in *Appendices D and E* to these financial Statements. The overall results for the financial year ended 30 June 2006 are as follows:

INCOME	ACTUAL 2005 R	ACTUAL 2006 R	VARIANCE 2005/2006 %	ESTIMATE 2006 R	VARIANCE ACTUAL ESTIMATE %
Accumulated Surplus at beginning of the year	1 637 194	470102		800 000	
Corrections i.r.o. previous year's transactions	393 447	1432			
Operating income for the year	14 327 749	15 050 544	5	15 238 085	( 1.2 )
Total	16 358 390	15 522 078		16 038 085	

EXPENDITURE	ACTUAL 2005 R	ACTUAL 2006 R	VARIANCE 2005/2006 %	ESTIMATE 2006 R	VARIANCE ACTUAL ESTIMATE %
OPERATING EXPENDITURE FOR THE YEAR	14 515 721	15 274 237	5.2	16 038 085	( 4.8 )
Corrections i.r.o. previous year's transactions	1 372 567				
Accumulated Surplus at year end	470 102	247 840		16 038 085	
Total	16 358 390	15 522 078			

## 2. RATES AND GENERAL SERVICES

	ACTUAL 2005 R	ACTUAL 2006 R	VARIANCE 2005/2006 %	ESTIMATE 2006 R	VARIANCE ACTUAL ESTIMATE %
Income	10 999 230	10 813 243	( 1.7 )	11 637 847	( 7.1 )
Expenditure	10 833 802	11 119 300	2.6	12 437 847	( 10.6 )
Surplus/(Deficit)	165 428	( 306 057 )		( 800 000 )	

Incorporated under the heading 'Rates and General Services' are:  
Community Services, Subsidised Services and Economic Services. (See  
'Appendix E').

## 3. HOUSING SERVICES

The financial performance of these services is as follows:

	ACTUAL 2005 R	ACTUAL 2006 R	VARIANCE 2005/2006 %	ESTIMATE 2006 R	VARIANCE ACTUAL ESTIMATE %
Income	8 783	8 948	1.9	8 900	
Expenditure	8 783	3 772	( 57.1 )	8 900	( 57.6 )
Surplus/(Deficit)					

## 4. TRADING SERVICES

### 4.1 ELECTRICITY

	ACTUAL 2005 R	ACTUAL 2006 R	VARIANCE 2005/2006 %	ESTIMATE 2006 R	VARIANCE ACTUAL ESTIMATE %
Income	3 319 736	4 228 355	27.4	3 591 338	17.7
Expenditure	3 673 136	4 151 166	13.0	3 591 338	15.6
Surplus/(Deficit)	(353 400)	77 189			

5.

**CAPITAL EXPENDITURE AND FINANCING**

The following fixed assets were purchased during the period under review:

CAPITAL EXPENDITURE ACCORDING TO TYPE	ACTUAL 2006 R	ESTIMATE 2006 R	ACTUAL 2005 R
Roads and stormwater	299 428	345 000	-
Buildings	2 661 761	2 772 600	2 552 600
Infrastructure	509 818	533 600	1 388 121
Furniture	384 140	538 800	-
Other	340 039	1 600 325	523 194
	4 195 186	5 790 325	4 463 915

The capital expenditure was financed from the following sources:

	ACTUAL 2006 R	ESTIMATE 2006 R	ACTUAL 2005 R
EXTERNAL LOANS	914 196	-	285 804
CAPITAL DEVELOPMENT FUND	2 339 502	3 648 400	2 961 969
OPERATING CAPITAL	422 061	199 800	146 038
PROVISIONS AND RESERVES	216 269	-	-
PUBLIC IMPROVEMENT FUND	303 158	345 000	219 392
CONTRIBUTIONS AND ENDOWMENT	-	-	-
GRANTS / SUBSIDIES	-	1 597 125	850 712
	4 195 186	5 790 325	4 463 915

At the accounting date, the Fixed Asset Register had not been updated to Reflect assets acquired during the 2005/2006 financial year. This will be regularised during the ensuing year.

6.

**EXTERNAL LOANS, INVESTMENTS AND CASH**

Details of external loans can be found in 'Appendix B'. On 30 June 2006 the outstanding external loans amounted to R 1 244 837. This included interest capitalised of R 63 394.

Investments are made in accordance with the provisions of the Local Authorities Ordinance No. 25 of 1974. Interest accrued at 30 June 2006 on all investments was brought to account.

The cash book balance at 30 June 2006 amounted to R 1 374 226 (overdrawn). The actual balance in the bank amounted to R 477,500 (favourable).

The main reconciling items are unrepresented cheques and direct deposits not receipted at year end. The bank account will be balanced and the necessary adjusting entries processed during the ensuing year.



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**7. FUNDS AND RESERVES**

Information regarding funds and reserves are disclosed in 'Appendix A' and in the notes 1 to 2 to the financial statements.

**8. DEBTORS**

As at the close of business on 30 June 2006 the total amount for outstanding debtors was R 2 915 503. An amount of R 451 467 was provided for Doubtful Debts. (refer to note 9)

Consumer debtor balances in the main ledger differed from the Consumer debtors subsidiary ledger by a net amount of R 14 177. This will be regularized during the ensuing year.

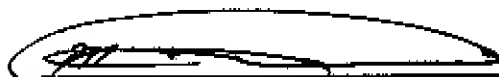
**10. ASSESSMENT RATES**

A reconciliation of the valuation roll to actual rates raised during the year was not done.

**12. WORD OF THANKS**

The Mayor, Councillors, the Municipal Manager and Departmental Heads are thanked for the support they have given to the staff of the Treasury Department.

Finally, a special word of thanks to the staff of the Treasury Department for their efforts and the long hours they have worked to prepare these financial statements.



**Mrs P H Z Kubheka**  
**CHIEF FINANCIAL OFFICER**  
**UTRECHT MUNICIPALITY**

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## **ACCOUNTING POLICIES**

### **1. BASIS OF PRESENTATION**

- 1.1 These financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Financial Officers in its Code of Accounting Practice (1998) and Report on Published Annual Financial Statements (Second edition – January 1997).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- *Income* is accrued when measurable and available to finance operations. Certain direct income is accrued when received, such as traffic fines and certain licences.
  - *Expenditure* is accrued in the year it is incurred.

### **2. CONSOLIDATION**

The balance sheet includes Rates and General Services, Housing Services, Trading services as well as the various funds, reserves and provisions. All inter-departmental transactions have been offset against each other, with the exception of assessment rates, electricity, refuse removal and water, which have been shown as income and expenditure under the respective departments.

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### 3. FIXED ASSETS

#### 3.1 FIXED ASSETS ARE STATED:

- at historical cost; or
- at valuation (based on market price at the date of acquisition) where assets have been obtained by means of grants or donations

whilst they exist and are serviceable, except in the case of bulk assets, which are written off at the end of their estimated life, as determined by the Treasurer.

#### 3.2 DEPRECIATION:

The balance shown against the heading '*Loans Redeemed and Other Capital Receipts*' in the notes to the balance sheet, is tantamount to a provision for depreciation. However, certain structural differences between the two concepts do exist. In terms hereof assets financed from '*Provisions*' are written off over their estimated useful life. In addition to the various Council funds assets can also be acquired as follows:

- Appropriations from income, where the total cost of an asset becomes an immediate and direct charge against the operating income, and it is therefore not necessary to make any further provision for depreciation.
- Grants or donations, where the amount which represents the value of such grant or donation is immediately credited to the '*Loans Redeemed and Other Capital Receipts*' account.

#### 3.3 All net returns from the sale of fixed property (land) is credited to the Public Improvement Fund. The net returns on the sale of all other assets is credited to the respective Capital Development Fund.

#### 3.4 Loans and advances are repaid over the estimated useful life of the asset which is financed from such loan or advance. Advances are redeemed according to the annuity method and commence in the year which follows the financial year in which the advance was made. Interest is charged to the service concerned at the ruling interest rate applicable at the time the loan

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was negotiated or in the case of advances, at the interest rate as determined by the Council in terms of Section 103 of Local Authorities Ordinance, Natal (25 of 1974).

3.5 It is also Council's policy that:

- all obsolete assets be disposed of in accordance with section 189 of the Local Authorities Ordinance No 25 of 1974.
- Only assets to the value in excess of R 500,00 be brought on charge in the assets register with effect from 2002/2003 financial year.
- Each department control all moveable assets by way of inventories for each office.
- Each department to perform an inventory check on a quarterly basis during each financial year. Copies of inventories as well as surpluses, shortages and obsolete assets found to be submitted to Department: Financial Services for reporting and control purposes.

#### 4. **STOCK**

Stock is valued at the lower cost, determined on the weighted average basis and net realisable value. Stock that is surplus or in deficit at the year end stocktaking is brought to account when the Council resolves to write-off deficits and approves surpluses.

#### 5. **FUNDS AND RESERVES**

##### 5.1 **CAPITAL DEVELOPMENT FUND:**

The Capital Development Fund (Ordinance 25 of 1974) requires that a local authority makes a minimum contribution of 3% of its defined income from the current financial year to the fund. Advances are made to borrowing services at an interest rate which is determined annually and approved by Council.

##### 5.2 **RESERVES AND PROVISIONS:**

###### - **LEAVE PAY PROVISIONS**

The Leave Pay Provision is to provide for accrued leave payments to all employees who are resigning or retiring from service as well as commutation of leave accruals during the year.

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Appropriation is made on an annual basis from operating accounts to on the basis of 65% of the total leave liability as at the date of preparing the budget for the ensuing financial year as well as taking into consideration any salary increases for the following year.

- **GRANTS**

All unspent grants are reflected under reserves

- **HOUSING DEVELOPMENT RESERVE**

Appropriations are made on an annual basis from operating account to the Housing Development Reserve in terms of the Housing Act 107 of 1997 with the objective of providing funds to meet the repairs and maintenance of the local council's housing scheme.

- **BAD DEBTS:**

Appropriation is made on an annual basis from operating accounts to the Bad Debt Provision account for all debt outstanding for more than 120 days at the date of preparing the budget for the ensuing financial year less debts handed over to the attorneys for collection which are recoverable.

## **6. RETIREMENT BENEFITS**

Utrecht Municipality and its employees contribute to the Natal Joint Pension Funds and Utrecht Municipality and some of the Councillors contribute to the Municipal Councillors Pension Fund.

The retirement benefit plan is subject to the Pension Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating expenditure on the basis of current service costs.

Full actuarial valuations are performed at least every three years.

## **7. SURPLUSES AND DEFICITS**

All surpluses of deficits arising from the operation of the Electricity and Rates and General Services are kept in the relevant funds for its own use. Surpluses of the Rate and General Account are however, contributed out of the Rates and General Account appropriation account to the Electricity

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Service appropriation account should last mentioned service reflect a deficit at the end of the financial year.

8. **TREATMENT OF ADMINISTRATIVE AND  
OTHER OVERHEAD EXPENSES**

The cost of internal support services are transferred to the different services in relation to the income generated by each service.

9. **INVESTMENTS**

Investments are in accordance with the provision of the Local Authorities Ordinance No. 25 of 1974. Interest accrued at 30 June 2005 on all investments was brought to account.

10. **INCOME RECOGNITION**

10.1 **ELECTRICITY BILLINGS:**

Meters are read and billed on a monthly basis.

10.2 **ASSESSMENT RATES:**

A general rate is levied on both the land and building values of a property. Rebates are granted according to the use to which a particular property is put. Rebates based on conditions relating to age and income was provided to needy aged owners of property as well as industrial developers.

# UTRECHT MUNICIPALITY

## BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 R	2005 R
<b>CAPITAL EMPLOYED</b>			
Funds and Reserves		19,209,470	17,646,621
Accumulated Funds	1	11,626,933	10,938,405
Reserves	2	7,334,697	6,238,114
Accumulated Surplus/(Deficit)	17	247,840	470,102
Long Term Liabilities	4	1,149,786	1,042,690
Consumer Deposits : Services		135,169	126,064
		<b>20,494,425</b>	<b>18,815,375</b>
<b>EMPLOYMENT OF CAPITAL</b>			
Fixed Assets	5	11,824,311	8,614,828
Long Term Debtors	7	300,076	423,688
Investments			0
		<b>12,124,387</b>	<b>9,038,516</b>
<b>NET CURRENT ASSETS</b>		<b>8,370,038</b>	<b>9,776,859</b>
Current Assets		10,440,801	10,572,875
Inventory	8	17,725	61,203
Debtors	9	2,464,035	1,617,631
Short Term Portion of Long Term Debtors	7	89,193	179,761
Short Term Investments	6	7,866,748	8,711,180
Cash		3,100	3,100
Current Liabilities		2,070,763	796,016
Provisions	10	225,000	90,458
Creditors	11	376,486	323,716
Short Term Portion of Long Term Liabilities	4	95,051	147,758
Suspence			
Bank overdraft	22	1,374,226	234,084
		<b>20,494,425</b>	<b>18,815,375</b>

**UTRECHT MUNICIPALITY**

**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006**

2005 Actual Income	2005 Actual Expenditure	2005 Surplus/ (Deficit)		2006 Actual Income	2006 Actual Expenditure	2006 Surplus/ (Deficit)
R	R	R		R	R	R
10,999,230	10,833,802	165428	RATE AND GENERAL SERVICES	10,813,243	11,119,300	(306,057)
9,363,608	7,771,035	1592573	Community Services	9,074,294	7,749,906	1,324,388
292,397	1,308,850	-1016453	Subsidised Services	266,625	1,539,723	(1,273,098)
1,343,225	1,753,917	-410692	Economic Services	1,472,324	1,829,671	(357,347)
8,783	8,783	0	HOUSING SERVICES	8,946	3,772	5,174
3,319,736	3,673,138	-353400	TRADING SERVICES	4,228,355	4,151,166	77,189
<u>14,327,749</u>	<u>14,515,721</u>	<u>-187972</u>	TOTALS	<u>15,050,544</u>	<u>15,274,238</u>	<u>(223,694)</u>
		-979120	Appropriations for the year (refer to note 17)			1,432
		-1167092	Net Surplus / (Deficit) for the year			(222,262)
		1637194	Retained Income at the beginning of the year			470,102
		<u>470102</u>	RETAINED INCOME AT THE END OF THE YEAR			<u>247,840</u>



# UTRECHT MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 R	2005 R
<b>CASH RETAINED FROM OPERATING ACTIVITIES:</b>			<b>2,772,303</b>
Cash generated by /(utilised in) operations	18	(104,790)	1,301,474
Investment Income		408,044	
(Increase) / Decrease in working capital	19	(526,871)	243,972
		-223,617	1,545,446
less: External interest paid		-128,270	
<b>Cash available from operations</b>		<b>-351,887</b>	<b>1,545,446</b>
Cash contributions from the Public and State		2,508,110	1,205,665
Net proceeds on disposal of fixed assets			21,192
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>		<b>2,156,223</b>	
Investment in Fixed Assets	5	4,195,186	380,301
<b>NET CASH FLOW</b>		<b>-2,038,963</b>	<b>3,152,604</b>
<b>CASH EFFECTS OF FINANCING ACTIVITIES :</b>			
(Decrease)/ Increase in long term borrowings	20	54,389	(2,272,914)
Decrease/(Increase) in investments	21	844,432	(764,089)
Decrease/( Increase in cash)	22	1,140,142	(115,601)
<b>Net cash utilised / (generated)</b>		<b>2,038,963</b>	<b>(3,152,604)</b>

# UTRECHT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006

	2006 R	2005 R
<b>1. STATUTORY FUNDS</b>		
Capital Development Fund	5,014,192	4,354,515
Public Improvement Fund	6,612,742	6,583,890
Renewals Fund		
Loan Redemption Fund		
Housing Development Account		
	<u>11,626,934</u>	<u>10,938,405</u>
(Refer to appendix A for more detail)		
<b>2. Trust funds</b>	<u>0</u>	<u>0</u>
(Refer to appendix A for more detail)		
<b>3 Reserves</b>	<u>7,334,699</u>	<u>6,238,114</u>
(Refer to appendix B for detail)		
<b>4 LONG TERM LIABILITIES</b>		
Annuity Loans	1,244,837	1,190,448
less : Current portion transferred to current liabilities		
- Annuity Loans	95,051	147,758
	<u>1,149,786</u>	<u>1,042,690</u>
Total long term liabilities		
(Refer to appendix B for more detail on Long Term Liabilities)		
<b>ANNUITY LOANS</b>		
Bear interest at a rate of 10.81% per annum and will be fully redeemed on 31 December 2024.		
Note : None of the loans are secured by any of Utrecht municipality's assets		
<b>5 FIXED ASSETS</b>		
Fixed assets at the beginning of the year	24,348,859	33,302,792
Capital expenditure during the year	4,195,186	4,463,915
less : Assets written off, transferred or disposed of during the year		13,417,848
<b>Total fixed assets</b>	<u>28,544,045</u>	<u>24,348,859</u>
less : Loans redeemed and other capital receipts	16,719,734	15,734,031
<b>Net fixed assets</b>	<u>11,824,311</u>	<u>8,614,828</u>
(Refer to appendix C for more details)		
<b>6 INVESTMENTS</b>		
Unlisted		
Short Term Deposits	7,886,748	8,711,180
Call Deposits	<u>7,886,748</u>	<u>8,711,180</u>
Management's valuation of unlisted investments	7,886,748	8,711,180
Average rate of return	4,9%	
Note : No investments written off during the year		

# UTRECHT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006 (continued)

	2006 R	2005 R
<b>7 LONG TERM DEBTORS</b>		
Motor Car Loans	161,437	369,778
Housing loans	227,832	233,671
	<u>389,269</u>	<u>603,449</u>
Less : Portion Transferred to Current Debtors	89,193	179,761
	<u>300,076</u>	<u>423,688</u>
<b>8 STOCK</b>		
Consumable Stock	<u>17,725</u>	<u>61,203</u>
This balance could not be accounted for and this will investigated during the ensuing year		
<b>9 DEBTORS</b>		
Consumers	2,709,312	1,943,301
SARS - VAT	92,885	
Other Debtors	113,306	47,796
Sub Total	<u>2,915,503</u>	<u>1,991,097</u>
Less: Provision Doubtful Debts	451,467	373,466
	<u>2,464,036</u>	<u>1,617,631</u>
Amounts totalling R0.00 (2005 = R8 892) were written off as bad debts.		
Days outstanding in service debtors amount to ***** (2005 = 72 days)		
<b>10 PROVISIONS</b>		
Leave	225,000	90,458
	<u>225,000</u>	<u>90,458</u>
The leave provision is based on 45 % of the value of accrued leave		
Refer to Appendix A for more detail		
<b>11 CREDITORS</b>		
Receipts in Advance	265,609	242,454
Trade Creditors	51,242	66,750
Sundry deposits	26,786	14,512
Other	32,849	
	<u>376,486</u>	<u>323,716</u>
Guarantees in lieu of service deposits		351
<b>12 Deposits</b>		
Consumer	135,169	126,064
	<u>135,169</u>	<u>126,064</u>

# UTRECHT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006 (Continued)

	Actual Income 2006 R	Actual Income 2005 R
<b>13 ASSESSMENT RATES</b>		
Residential, Commercial & Municipal State		1,646,769
		251,454
	<u>2,067,495</u>	<u>1,898,223</u>
Valuation as at 1 July 2005		
Residential, Commercial & Municipal State	56,207,555	
	10,085,000	
	<u>66,292,555</u>	
Valuations on land are performed every five years and the last general valuation came into effect on 1 July 1996		
<b>14 FINANCE TRANSACTIONS</b>		
Total external interest earned or paid:		
Interest earned	408,044	
Interest paid	128,270	102,060
Capital charges debited to operating account:		
Interest : External	128,270	102,060
: Internal	334,738	169,589
Redemption : External	9,008	9,552
: Internal	193,780	141,677
	<u>665,796</u>	<u>422,878</u>
<b>15 Councillors' Remuneration</b>		
Mayor's salary & allowances	96,573	91,334
Councillors' salary & allowances	278,992	263,910
Councillor's Pension Contributions	33,386	34,204
<b>16 Auditors' Remuneration</b>		
Audit fees		
-Current year	133,652	232,374
	<u>133,652</u>	<u>232,374</u>
<b>17 APPROPRIATIONS</b>		
<b>17.1 Appropriation account</b>		
Accumulated surplus at the beginning of the year	470,102	1,637,194
Operating surplus / (deficit) for the year	(223,694)	(187,972)
Appropriations for the year:		(979,120)
Contribution to 2004/2005 Operating Budget		400,000
Contribution to Rate & General Account: Leave Reserve		272,605
Sanitation transfer to Amajuba District Municipality		55,036
Water Services transfer to Amajuba District Municipality		254,847
Appropriation Account to Electricity Services Appropriation		354,970
Contribution Received by Electricity Services Appropriation		(354,970)
Prior Year Adjustment	1,432	(3,368)
Accumulated surplus / (deficit) at the end of the year	<u>247,840</u>	<u>470,102</u>

# UTRECHT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006 (Continued)

	2006 R	2005 R
<b>17.2 OPERATING ACCOUNT</b>		
Capital expenditure	422,060	146,038
Contributions to:		
Maintenance Reserves	29,064	25,000
Capital Development Fund	459,000	273,122
Leave Provision	285,085	34,000
Provision for Doubtful Debts	78,000	69,000
Housing Development Reserve		5,166
Staff Placement: Salary Provision		67,621
	<u>851,149</u>	<u>619,947</u>
(Refer Appendix A and E)		
<b>18 CASH GENERATED BY OPERATIONS</b>		
Surplus/Deficit for the year	(223,694)	(187,972)
Adjustments in respect of:		
Previous year's operating transactions	1,432	(979,120)
Appropriations charged against income:	1,204,221	4,379,873
Capital Development Fund	459,000	(984,302)
Public Improvement Fund		10,598
Redemption - External	9,008	9,552
Provisions and Reserves	314,151	5,197,987
Capital Expenditure	422,062	146,038
Internal Charges against Income:	732,984	555,074
Interest paid internal funds	193,780	141,677
Redemption of internal advances	539,204	413,397
Interest Received		
Investment income	(408,044)	
Interest paid - external loans	128,270	
Non - operating income	28,852	
Non-operating expenditure:		
Expenditure charged against Provisions and Reserves	(1,562,967)	(2,466,381)
Expenditure charged against loans redeemed	-5,844	
	<u>((104,790))</u>	<u>1,301,474</u>
<b>19 DECREASE / (INCREASE) IN WORKING CAPITAL</b>		
(Increase) / decrease in stock	43,478	51,552
(Increase) / decrease in debtors	((755,836))	230,660
(Increase) / decrease in creditors	(52,770)	(72,145)
(Increase) / decrease in long-term debtors	(123,612)	118,441
(Increase) / decrease in Consumer deposits	(9,105)	(83,540)
Recoverable Deposits		(996)
	<u>((526,871))</u>	<u>243,972</u>
<b>20 (DECREASE) / INCREASE IN LONG TERM LIABILITIES (EXTERNAL)</b>		
Loans Repaid	(9,008)	(3,472,914)
Loans Raised	63,397	1,200,000
	<u>54,389</u>	<u>(2,272,914)</u>
<b>21 INCREASE IN INVESTMENTS</b>		
Investments realised	5,428,698	17,809,417
Investments made	(4,584,267)	(18,573,506)
	<u>844,431</u>	<u>(764,089)</u>

# UTRECHT MUNICIPALITY

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006 (Continued)

	2006 R	2005 R
<b>22 INCREASE / (DECREASE) IN CASH RESOURCES</b>		
Cash balance at the beginning of the year	-234,084	(349,785)
less: Cash balance at the end of the year	((1,374,226))	(234,084)
Increase in cash floats	1,140,142	100
	<u>1,140,142</u>	<u>(115,601)</u>
<b>23 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
New Municipal Offices:DBSA Loan	1,244,837	1,190,448
	<u>1,244,837</u>	<u>1,190,448</u>
<b>24 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure		
- Approved and contracted for		2,659,070
- Approved but not yet contracted for		2,367,930
		<u>5,027,000</u>
This expenditure will be financed from:		
- Internal sources	199,810	2,732,691
- External sources	3,648,400	1,200,000
- Other sources: Subsidies & donations		894,309
Provincial - ,Central government & District Council	1,597,125	200,000
	<u>5,445,335</u>	<u>5,027,000</u>
<b>25 CONSOLIDATED CAPITAL DEVELOPMENT FUND</b>		
Outstanding advances to borrowing services		
Accumulated Funds	5,014,192	4,354,515
Less: Internal Investments	(4,817,728)	(2,647,050)
	<u>196,464</u>	<u>1,707,465</u>
(See Appendix A and B for more detail)		
<b>26 PUBLIC IMPROVEMENT FUND</b>		
(See Appendix A and B for more detail)		
(Outstanding advances to borrowing services)	718,132	743,089
	<u>718,132</u>	<u>743,089</u>
<b>27 BANK , CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts:		
Current account (Primary bank account)		
Standard Bank - Branch		
Account number - 060100001		
Cash book balance at beginning of year ( overdrawn )	(234,084)	
Cash book balance at end of year ( overdrawn )	(1,374,225)	
Bank statement balance at beginning of year	780,551	
Bank statement balance at end of year	474,500	
<b>28 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Utilised to fund operating expenses( refer Appendix D )	5,349,710	
Credited to reserves ( refer appendix A )	2,128,033	
Total grants received	<u>7,477,743</u>	
Details of unspent grants are reflected in Appendix A		

# **UTRECHT MUNICIPALITY**

## **NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2006 (Continued)**

### **29 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

#### **29.1 Contributions to organised local government**

Opening balance	0.00
Amount paid - current year	
Amount paid - previous year	
Balance unpaid ( included in creditors )	<u>0.00</u>

#### **29.3 VAT**

Opening balance	0
Output VAT	700,700
Input VAT	555,393
Paid to SARS	145,307
Closing balance	<u>0.00</u>

All VAT returns have been submitted by the due date

#### **29.4 PAYE and UIF**

Opening balance	
Current year payroll deductions and Council UIF contributions	
Amount paid - current year	720,721
Amount paid - previous years	
Balance unpaid (included in creditors)	0.00

#### **29.5 Pension and medical aid deductions**

Opening balance	
Current year payroll deductions and Council contributions	
Amount paid current year	1,194,582
Amount paid previous year	
Balance unpaid ( included in creditors )	0.00

#### **29.6 Councillor arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2006	
Councillor	0.00

#### **30 Managers' Remuneration**

Municipal Manager	463,050
Chief Financial Officer	351,752
Manager Engineering Services	286,067
Director Corporate Services	260,559

## UTRECHT MUNICIPALITY

## STATUTORY FUNDS, RESERVES AND PROVISIONS

	Balance at 30/06/2005 R	Contributions during the year R	Interest on Investment R	Other Income R	Expenditure during the year R	Balance at 30/06/2006 R
<b>ACCUMULATED FUNDS</b>						
Consolidated Capital Development Fund	4,354,515	459,000	401,354		200677	5,014,192
Public Improvement Fund	6,583,890			28,852		6,612,742
	10,938,405 0	459,000 0	401,354 0	28,852 0	0	11,626,934
<b>RESERVES</b>						
Ekhayaletu Village Maintenance Reserve	4,415	6,951			11,366	0
Municipal Systems Improvement Grant	188,994		7,948		64,336	132,606
Repairs & Maintenance: Agri Village	31,488				5,435	26,053
Game Farm Grant	158,153		5,786		99,628	64,311
Repairs & Maintenance: Mariothii Flats	13,218	22,114			35,332	0
Housing Development Reserve	335,530		13,013	12,023		360,566
Capacity Building Development Planning Grant	268,821		12,372		58,860	222,333
Transitional Grant	69,973		1,820		59,986	11,807
Specific Programme Support Grant	182,806		8,429			191,237
Indigent Relief [Electricity Service]	13,334				13,334	0
Indigent Support Grant[3rd]	63,404				63,404	0
Ggrant: Development planning capacity	95,477				95,477	0
Grant: Fire Equipment/Fire Services	30,168		422		12,000	18,590
Public Liability Entrenchment Reserve:						
Blou Wildebeest[Snotsiekte]	1,602				1,602	0
Indigent Support Grant	40,268				40,268	0
Financial Management Grant	256,617		9,755		180,158	86,214
Financial Management Grant			9,796	250,000		259,796
Performance Management System	1,258				1,258	0
Land Use Management Grant	109,866		2,617		112,483	0
Poverty Alleviation	200,000				104,118	95,882
Land Use Management System	102,959		4,748			107,707
MSIG	217,843		14,083	166,173	248,180	149,899
MSIG	48,673				48,673	0
Municipal Finance Management Grant	45,402		1,155			46,557
Planning Capacity Building Grant	253,972		11,418			265,390
Solid Waste Site	74,455		497		50,494	24,458
Performance Management System	101,063		3,929		104,832	160
Property Rates Grant	63,641		2,272			65,913
Inter Departmental Monitoring Grant	60,490		2,159			62,649
Department of Housing: Disaster Contribution	3,053,763		182,428			3,236,191
Anti Corruption Strategy	135,424		6,245		1,199	140,470
Consolidation grant				300,000		300,000
CTO Support Grant				100,000		100,000
MFMA implementation grant			2,698	100,000		102,698
IDP support grant			973	50,000		50,973
Capacity Building Grant			3,782	150,000		153,782
Spatial plan grant			973	50,000		50,973
Development Information Systems Grant			2,521	100,000		102,521
Valuations grant			4,452	165,000		169,452
MSIG Grant			20,532	550,500		571,032
Inter Departmental Monitoring Grant			574	40,000		40,574
Performance Management System			1,149	108,360		107,509
Horse racing project				1,361		1,361
Department of Housing: Disaster Contribution	15,035					15,035
	8,238,114	29,065	338,526	2,141,417	1,412,423	7,334,699
<b>PROVISIONS</b>						
Leave	90,458	285,086			150,544	225,000
	90,458	0	0	0	150,544	225,000



## UTRECHT MUNICIPALITY

## EXTERNAL LOANS AND INTERNAL ADVANCES

	Balance at 2005 R	Received during the year R	Redeemed or written off during the year R	Balance at 2006 R
<b>EXTERNAL LOANS</b>				
<b>ANNUITY LOANS</b>				
Rate and General Services	1,190,448	63,397	9,008	1,244,837
New Municipal Offices				
 <b>TOTAL</b>	<u>1,190,448</u>	<u>63,397</u>	<u>9,008</u>	<u>1,244,837</u>
 <b>INTERNAL ADVANCES TO BORROWING SERVICES</b>				
Consolidated Capital Development Fund	2,647,050	2,339,501	168,823	4,817,728
Public Improvement Fund	743,089		24,957	718,132
	<u>3,390,139</u>	<u>2,339,501</u>	<u>193,780</u>	<u>5,535,860</u>

## UTRECHT MUNICIPALITY

## ANALYSIS OF FIXED ASSETS

Expenditure 2005	Service	Budgeted Expenditure 2005/2006	Balance at 30/06/2005	Expenditure 2005/2006	Written off, transferred, redeemed or disposed of during the year	Balance at 30/06/2006
R		R	R	R	R	R
3,773,161	<b>RATES AND GENERAL SERVICES</b>	5,183,725	15,300,372	3,349,296	0	18,649,668
278,969	<b>Community services</b>	1,946,925	3,957,897	278,388	0	4,236,285
17,988	Civil Defence		55,405			55,405
	Protection Services	11700	412,375	11,885		424,260
	Health Services		4,304			4,304
	Municipal Manager		189,973			189,973
95,624	Engineering Services	390200	1,712,043	21,287		1,733,330
	Council's General Expenditure	17000	925,462	200,946		1,126,408
	Workshop		122,050			122,050
111,872	Corporate Services	1408095	192,563	14,547		207,110
53,485	Financial Services	119930	340,854	29,723		370,577
	Goedehoop		1,625			1,625
	Pound		1,243			1,243
2,573,495	<b>Subsidised Services</b>	3,236,800	5,201,701	3,055,585	0	8,257,286
2,250,064	Civic Buildings	3082200	4,289,504	3,045,901		7,335,405
97,834	Cemetery	20000	108,379			108,379
11,346	Library		46,407			46,407
159,228	Museum	102600	457,097			457,097
55,023	Parks & Recreation	32000	300,314	9,684		309,998
920,697	<b>Economic Services</b>	0	6,140,774	15,323	0	6,156,097
19,102	Cleansing		245,776			245,776
	Estates		37,809			37,809
285,804	Sewerage		0			0
	Agri Village		111,977			111,977
	Licensing		1,603			1,603
	Arts & Crafts		435,302			435,302
20,227	Balele Resort		947,398			947,398
595,564	Balele Game Reserve		4,360,909	15,323		4,376,232
471,362	<b>TRADING SERVICES</b>	606,600	3,888,810	542,732	0	4,431,542
471,362	Electricity	606600	3,888,810	542,732		4,431,542
0	<b>HOUSING SERVICE</b>	0	116,699	0	0	116,699
0	Housing Economic		25,239			25,239
0	Housing Sub Economic		91,460			91,460
219,392	<b>PUBLIC IMPROVEMENT FUND</b>		5,042,978	303,158		5,346,136
4,463,915	<b>TOTAL FIXED ASSETS</b>	5,790,325	24,348,859	4,195,186	0	28,544,045
	<b>less: LOANS REDEEMED AND OTHER</b>					
	<b>CAPITAL RECEIPTS</b>		15,734,031	991,543	5,840	16,719,734
	Loans redeemed and advances paid		3,730,604	202,788	5,840	3,927,552
	Public Contributions		8500			8500
	Contributions from operating income		1,397,621	422,062		1819683
	Grants and Subsidies		10,597,306	366,693		10963999
	<b>NET FIXED ASSETS</b>		8,614,828	3,203,643	-5,840	11,824,311

## UTRECHT MUNICIPALITY

ANALYSIS OF OPERATING INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 30 JUNE 2006

Actual 2,005 R		Actual 2006 R	Budget 2006 R
<b>INCOME</b>			
5,394,799	Government and Provincial Grants & Subsidie	5,349,710	5,948,000
1,898,223	Assessment Rate Income	2,067,495	2,074,695
2,694,281	Electricity Sales	3,842,983	3,189,800
4,340,446	Other Income	3,790,356	4,025,590
<u>14,327,749</u>		<u>15,050,544</u>	<u>15,238,085</u>
<b>EXPENDITURE</b>			
6,074,554	Salaries, Wages and Allowances	6,735,689	7,337,304
5,854,899	General Expenses	5,027,077	5,585,340
2,182,024	-Electricity Purchases	2,276,597	1,900,000
3,672,875	-Other Expenses	2,750,480	3,685,340
1,543,446	Repairs and Maintenance	1,572,468	1,805,977
422,878	Capital Charges	665,794	671,821
146,038	Contributions to Fixed Assets	422,060	199,800
473,909	Contributions	851,149	437,843
14,515,724	Gross Expenditure	15,274,237	16,038,085
<u>14,515,724</u>	less: Amounts Charged Out	<u>15,274,237</u>	<u>16,038,085</u>
(187,975)	Surplus/(Deficit)	(223,693)	(800,000)

## UTRECHT MUNICIPALITY

DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2006

2005 Actual Income	2005 Actual Expenditure	2005 Actual Surplus/ [Deficit]		2006 Actual Income	2006 Actual Expenditure	2006 Actual Surplus/ [Deficit]	2006 Budget Surplus/ [Deficit]
10,999,230	10,833,802	165,428	<b>RATE AND GENERAL SERVICES</b>	10,813,243	11,119,300	(306,057)	(800,000)
9,363,608	7,771,035	1,592,573	<b>Community Services</b>	9,074,294	7,749,906	1,324,388	961,523
1,898,223		1,898,223	Assessment Rates	2,067,495	97,702	1,969,793	1,965,493
1,141,884	872,022	269,862	Protection Services	1,257,757	1,029,182	228,575	142,519
394,625	1,590,985	(1,196,360)	Council General		1,625,822	(1,625,822)	(1,108,395)
	18,574	(18,574)	Health		8,284	(8,284)	(27,320)
140,000	460,390	(320,390)	Municipal Manager/Offices	160,000	493,385	(333,385)	(335,110)
761,318	2,083,527	(1,322,209)	Engineering Services	327,859	1,630,269	(1,302,410)	(1,533,547)
61,127	979,944	(918,817)	Corporate Services	110,775	1,366,203	(1,255,428)	(1,452,993)
4,966,631	1,733,828	3,232,803	Financial Services	5,150,408	1,499,059	3,651,349	3,310,876
	31,765	(31,765)	Workshop			-	
292,397	1,308,850	(1,016,453)	<b>Subsidised Services</b>	266,625	1,539,723	(1,273,098)	(1,315,923)
29,936	54,025	(24,089)	Cemetery	37,054	43,925	(6,871)	(64,234)
255,714	329,029	(73,315)	Municipal Buildings	222,124	530,604	(308,480)	(259,156)
6,747	159,197	(152,450)	Library	7,447	108,962	(101,515)	(104,776)
	34,525	(34,525)	Museum		68,091	(68,091)	(52,222)
	732,074	(732,074)	Parks & Gardens		788,141	(788,141)	(835,535)
1,343,225	1,753,917	(410,692)	<b>Economic Services</b>	1,472,324	1,829,671	(357,347)	(445,600)
12,180	3,526	8,654	Agri-Village	12,220	640	11,580	11,220
397,548	445,048	(47,500)	Balele Resort	435,424	484,513	(49,089)	(92,626)
335,406	494,951	(159,545)	Balele Game Park	479,257	611,511	(132,244)	18,884
558,688	799,082	(240,394)	Cleansing	479,568	727,885	(248,317)	(406,966)
39,415	11,310	28,105	Estates	65,845	5,122	60,723	22,888
				0			
8,783	8,783	-	<b>HOUSING SERVICES</b>	8,946	3,772	5,174	-
		-	Economic Housing			-	-
8,783	8,783	-	Sub-Economic Housing	8,946	3,772	5,174	-
3,319,738	3,673,136	(353,400)	<b>TRADING SERVICES</b>	4,228,355	4,151,166	77,189	-
3,319,738	3,673,136	(353,400)	Electricity	4,228,355	4,151,166	77,189	-
14,327,749	14,515,721	(187,972)	<b>TOTAL</b>	15,050,544	15,274,238	(223,694)	(800,000)
		(979,120)	Appropriations for this year (Note 13)			1,432	
		(1,187,092)	Net Surplus / (Deficit) for the year			(222,262)	
		1,637,194	Accumulated Surplus / (Deficit) at the beginning of the year			470,102	
			Adjustments				
		470,102	<b>ACCUMULATED SURPLUS</b>			247,840	
			<b>END OF THE YEAR</b>				